

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56564; File No. SR-ISE-2007-74)

September 27, 2007

Self-Regulatory Organizations; International Securities Exchange, LLC; Order Granting Accelerated Approval to a Proposed Rule Change, as Modified by Amendment No. 1, Relating to an Extension and Expansion of the Penny Pilot Program

I. Introduction

On August 21, 2007, the International Securities Exchange, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² a proposed rule change to extend and expand a pilot program to quote certain options in smaller increments (“Pilot Program” or “Pilot”). On August 22, 2007, the Exchange filed Amendment No. 1 to the proposed rule change. The proposed rule change, as amended, was published for comment in the Federal Register on August 29, 2007.³ The Commission received one comment letter on the proposed rule change.⁴ This order approves the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

II. Description of the Proposal

Currently, the six options exchanges, including ISE, participate in the thirteen class

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 56306 (August 22, 2007), 72 FR 49753.

⁴ See letter to Nancy Morris, Secretary, Commission, from John C. Nagel, Director & Associate General Counsel, Citadel, dated September 12, 2007 (“Citadel Letter”).

